

1999 IDAHO STATE TAX COMMISSION ANNUAL REPORT

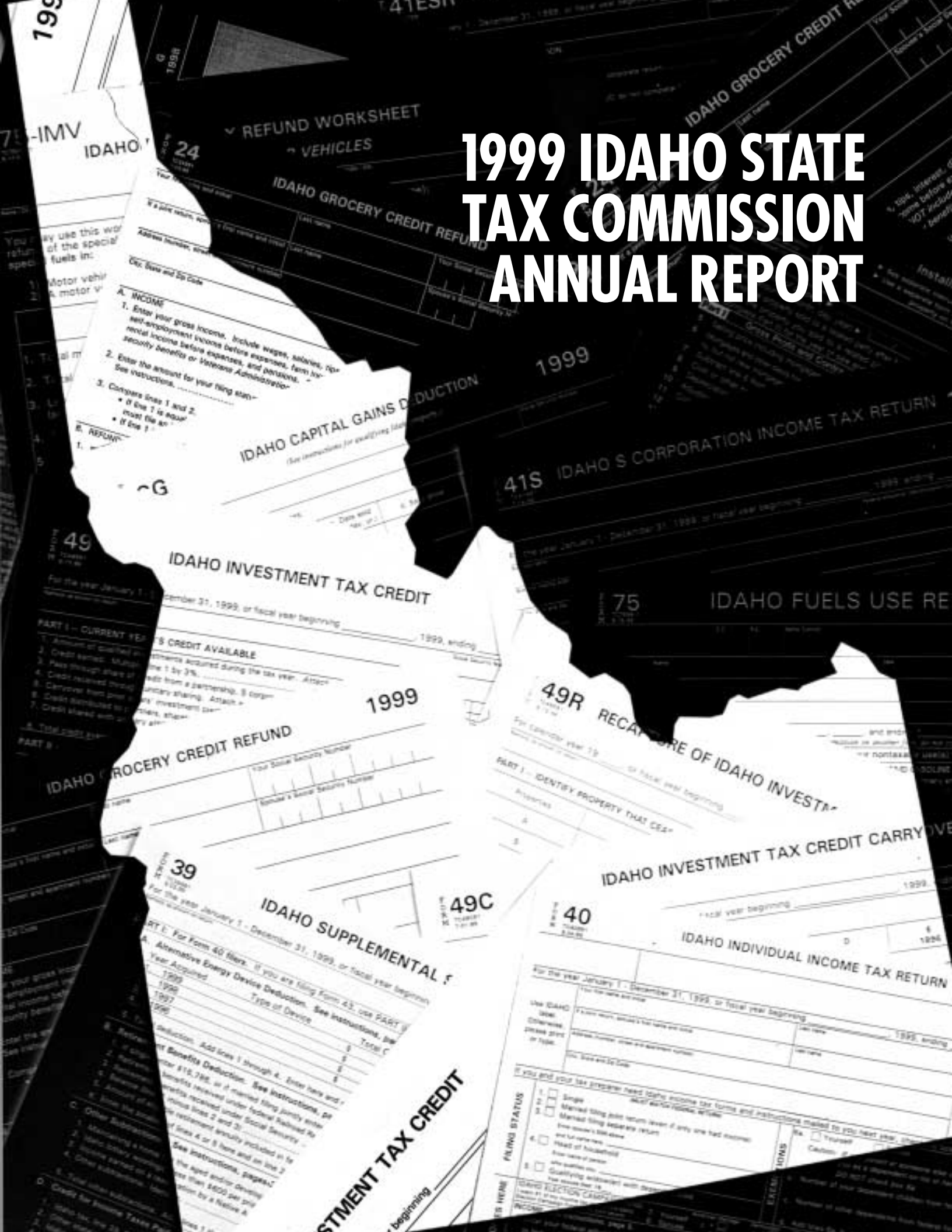


TABLE OF CONTENTS

FROM THE COMMISSIONERS	2
STRATEGIC PLAN & PERFORMANCE	3
PROGRESS IN FY 1999	4
IDAHO TAXES AND REVENUES	
IDAHO TAXES	6
TAXES COLLECTED IN IDAHO	8
TAX REVENUES AND COST OF COLLECTING	9
EXPENSE BY PROGRAM	9
IDAHO REVENUES	10
DISTRIBUTION OF REVENUES	11
THE AUDIT PROGRAM	12
SALES TAX	
SALES TAX REVENUE SHARING	13
BUSINESS INVENTORY REPLACEMENT	16
PROPERTY TAX	
1999 AVERAGE PROPERTY TAX RATES	17
PROPERTY TAXES	18
PROPERTY TAXING DISTRICTS	20
CIRCUIT BREAKER PROPERTY TAX REDUCTION	21
RATIO STUDY	22
TAX BURDEN STUDY	23
STATE TAX COMMISSION OFFICES	24

Note: This annual report gives an overview of Idaho's major tax revenues for 1999 and describes various tax-related programs administered by the Idaho State Tax Commission. Property tax statistics cover the 1999 calendar year. Sales, income and other taxes are reported for fiscal year 1999 which ended June 30, 1999.

FROM THE COMMISSIONERS

The Tax Commission was put to the test in 1999 and passed with flying colors.

We promised that, with the addition of 43 new positions approved by the Idaho Legislature for fiscal year 1999, we would help close Idaho's tax gap by collecting \$13.2 million in new revenue for the state. Thanks to the efforts of our outstanding employees, we did better than that; we collected nearly \$16.7 million mainly by targeting individual and corporate nonfilers as well as non-Idaho companies that do business in our state and owe Idaho taxes. We expect future years to be just as fruitful.

In 1999 we emphasized service to taxpayers, both corporate and individual. Forming a partnership with Washington and Utah, we began working to simplify the sales tax reporting and filing burden for businesses that are often faced with dozens of different filing requirements for various tax jurisdictions. We also eliminated the need to file an application for approximately 30,000 businesses and individuals qualifying for an income tax filing extension.

We launched a multi-year project to update the Tax Commission's antiquated computer system. The finished product will allow us to provide better—and more timely—information to taxpayers and elected officials.

More accomplishments are listed in the Strategic Planning and Performance section of this annual report.

All in all, 1999 was a banner year for the Tax Commission. We rose to the challenge of finding new ways to get the job done faster and more efficiently. And we will continue exploring ways to turn challenges into opportunities to better serve the citizens of Idaho.

The Idaho State Tax Commission

(in order as pictured left to right)

R. Michael Southcombe, Chairman

Responsibilities: Sales Tax; Legal; Field Services; Tax Policy; Estate Tax; Bankruptcy; Chairman, Multistate Tax Commission

Coleen Grant, Vice-Chairman

Responsibilities: Individual Income Tax; Withholding; Illegal Drug Tax; General Services; Public Information; Taxpayer Services; President, Western States Association of Tax Administrators

Larry Watson

Responsibilities: Property Tax; Revenue Operations; Unclaimed Property; Member, Federation of Tax Administrators; Leasehold Management

DuWayne D. Hammond, Jr.

Responsibilities: Corporate Income Tax; Motor Fuels; IFTA; Miscellaneous Tax; Clean Water Trust



STRATEGIC PLAN & PERFORMANCE

Much of the Tax Commission's planning efforts in 1999 revolved around the agency's commitment to overhaul its aging technology infrastructure and provide better data to taxpayers.

In April the four tax commissioners held a two-day visioning and strategic planning retreat with program administrators and other members of the management team. As a result, the Tax Commission decided to retain the essence of its mission statement but revise and condense its six goals into three expanded ones. These three new goals are:

- Promote voluntary compliance with tax laws and improve enforcement efforts.
- Continually improve services to taxpayers, maximize efficient use of resources, and promote fiscally responsible partnerships with stakeholders.
- Support an environment that promotes a workforce that is both encouraged and empowered.

These three goals are the guiding principles by which the Tax Commission has chosen to do business. A fuller explanation of the goals is in the agency's latest strategic plan, which is available from the Tax Commission.

Business and industry leaders, as well as legislators and other government officials, were invited to a meeting on June 1 to give their input on the revised goals and the future direction of the agency.

OUR MISSION

*To provide courteous, quality services and to
administer the state's tax laws in a fair, timely,
and cost-effective manner to benefit Idaho
and its citizens.*

PROGRESS IN 1999

EXPANDED STAFF NARROWS “TAX GAP”

As noted earlier (see pg. 2), the Tax Commission's efforts to reduce Idaho's tax gap¹ produced better-than-expected results during FY 1999. More importantly, however, the new staff made progress toward two goals: (1) helping small business owners in Idaho understand their tax reporting requirements, and (2) improving fairness in our current tax system by focusing education and enforcement efforts on those who have failed to report and pay the taxes they owe to the state of Idaho. Many of these are out-of-state individuals and businesses such as construction companies that operate in Idaho but have not paid Idaho taxes. Others are nonfilers or taxpayers who simply fail to pay the taxes they owe. In addition, the Managed Audit Program was expanded statewide to educate small business owners about their Idaho sales and use tax responsibilities; this program alone was responsible for more than \$2.3 million in new revenue for FY 1999. Stepped-up compliance efforts for nonfilers and nonpayers resulted in more than \$9.9 million; this made up the bulk of the nearly \$16.7 million in additional revenue attributed to the Tax Commission's new staff in their first year.

TOTAL REVENUES TOP \$2 BILLION

Total tax revenues processed by the Idaho State Tax Commission topped the \$2 billion mark for the first time ever in fiscal year 1999. That is nearly double the revenues received in 1990, the first year tax income passed the \$1 billion mark.

RECORD NUMBER OF RETURNS PROCESSED

The Tax Commission processed more than 1.4 million tax returns in FY 1999, an increase of almost 25 percent from 1990. The number of processing employees remained the same (69) during the 1990s, with automation enabling each employee to process more returns every year.

TELEFILE MAKES E-Z RETURNS EASIER

For the first time ever, selected taxpayers in 1999 were able to file their Idaho individual income tax return using the telephone. More than 17,500 Idaho residents used this system to file their returns in about 10 minutes. TeleFile refunds arrive in a matter of days compared to weeks when filing a paper return.

ELECTRONIC FILING INCREASES PRODUCTIVITY

More than 51,000 income tax returns were filed electronically with the Tax Commission in 1999. This is an increase of almost 33 percent over the number of returns filed electronically in 1998. The agency launched a marketing effort in 1999 to promote electronic filing (“e-filing”) of sales tax and income tax withholding returns through the Internet. This resulted in 281 returns and payments filed via the Internet in 1999, with a steep growth rate anticipated for the year 2000.



¹ The “tax gap” is the difference between the amount of taxes paid to Idaho and that which is legally due. A 1996 study by the Office of Performance Evaluations estimated Idaho's tax gap at \$245.8 million, with the collectible portion of that estimated at \$46.9 million.

PROGRESS IN 1999

BUSINESS SERVICES EXPAND STATEWIDE

Business owners can now walk into any of the Tax Commission's six offices around the state and walk out with a conditional federal employer identification number (FEIN). Thanks to a partnership with the Internal Revenue Service, the average time to get an on-the-spot FEIN is about 15 minutes. Also, Idaho sales tax permits and withholding numbers are now available from any Tax Commission office in a matter of minutes. This service was previously available only through the Boise office or through the mail with a two-week wait.

REDESIGNED WEB SITE IMPROVES SERVICE

Taxpayers and tax preparers alike have access to up-to-date Idaho tax information through the Tax Commission's redesigned Web site:

www2.state.id.us/tax/

"We made our old site more user-friendly by removing tax jargon and adding definitions so that taxpayers can find what they're looking for more easily," said Leslie Jones, Web site coordinator for the agency. The "Forms" page, which is the most frequently visited page on the site, was completely reorganized with many new forms added and categorized according to type and year. A new page was added with information for tax professionals and tax software developers. In addition to adding a "Questions and Answers" or "F.A.Q." page, the remodeled site also offers taxpayers the opportunity to ask their own questions or give feedback to the Tax Commission.



SPEAKERS BUREAU EXTENDS EDUCATION

The Tax Commission launched a statewide effort to better educate taxpayers by tailoring presentations to their interests. As a result, more than 50 talks were given by specially trained Tax Commission employees in 1999. Presentations were requested by businesses, schools, community service groups, and government and nonprofit organizations. Topics covered included sales tax, income tax and withholding requirements, and unclaimed property information for business owners.

NEW PHONE SYSTEM IMPROVES CALL HANDLING

A new telephone system installed in Taxpayer Services allows calls to be answered faster and more accurately by routing them to experts who can best answer questions. This "remote sign-on" capability permits employees anywhere in the agency to sign on to the system and have calls sent directly to them.

IDAHO TAXES

Most of Idaho's tax revenues come from three sources: income tax (personal and corporate), sales/use tax, and property tax.

Listed below are taxes collected by the state. Property taxes are collected by counties and taxing districts to provide local services and do not generate revenue for state use. (See pages 18 and 19.)

TYPE OF TAX	WHAT IS TAXED	RATE	OTHER INFORMATION
BEER AND WINE TAX	Beer	\$.15/gal.	
	Wine	\$.45/gal.	
BOISE AUDITORIUM DISTRICT HOTEL/MOTEL ROOM SALES TAX	Hotel/motel occupants in the Boise metropolitan area	4%	Exception: Long-term residents (those staying more than 30 days) are exempt.
CIGARETTE TAX	Package of 20	\$.28	Wholesalers pay this tax to the Tax Commission.
CORPORATE NET INCOME TAX	Idaho taxable income	8%	Multistate businesses must apportion their income using a three-factor formula made up of property, payroll and sales (the sales factor is double-weighted).
ELECTRICITY TAX	Water-generated electricity	1/2 mill per kilowatt hour	Exception: There is no tax on the sale of water-generated electricity used for irrigation, manufacturing, mining, milling, smelting, refining or processing.
ESTATE TAX	Generally, taxable estates of more than \$650,000 (changes to \$675,000 for dates of death between 1-1-2000 and 12-31-2001)	Variable	This tax consists of only the federal state death tax credit. The federal estate tax tables are used for computation.
GASOLINE TAX	Gasoline	\$.25/gal.	Off-road users get refunds for tax on gasoline used in equipment and auxiliary engines.
	Aviation fuel	\$.055/gal.	
	Jet fuel	\$.045/gal.	Exception: Idaho National Guard aircraft.
ILLEGAL DRUG STAMP TAX	Marijuana	\$3.50/gram	
	Controlled substance sold by weight	\$200/gram	
	Controlled substance sold by dosage	\$200/50 dosage units	

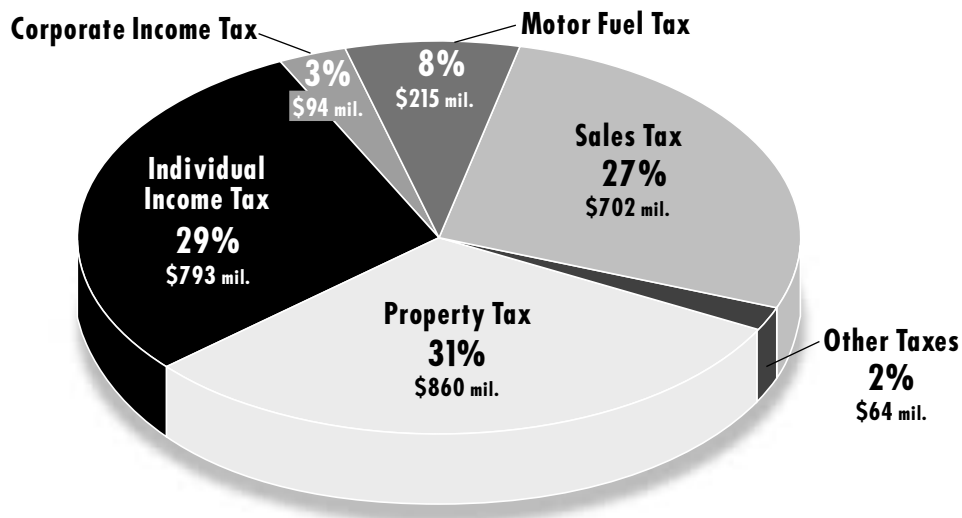
IDAHO TAXES

TYPE OF TAX	WHAT IS TAXED	RATE	OTHER INFORMATION
MINE LICENSE TAX	Value of ores mined or extracted	2%	
PERSONAL INCOME TAX	Idaho taxable income	2.0% to 8.2%, depending on income	
SALES/USE TAX	Retail sales and rentals of tangible personal property; also admission fees and fees for recreation or hotel/motel rooms (except stays of more than 30 days). Use tax applies if sales tax was not paid at the point of purchase.	5%	Exceptions: Utilities, motor fuels (which are taxed separately), prescription drugs, and tangible personal property used in manufacturing, farming, processing, mining and fabricating.
SEVERANCE TAX	Market value of oil and gas produced or sold in Idaho	2%	
SPECIAL FUELS TAX	Diesel	\$.25/gal.	
	Propane	\$.181/gal.	
	Natural gas	\$.197/therm	
TOBACCO TAX	All tobacco products (except cigarettes)	40% of wholesale price	
TRAVEL & CONVENTION HOTEL/MOTEL TAX	Hotel/motel occupants and campground users	2%	Exception: Long-term residents (more than 30 days in a row).

TAXES COLLECTED IN IDAHO

STATE AND LOCAL TAX REVENUE

FISCAL YEAR 1999*



* Property tax reflects calendar year 1999.

Note: Sales Tax includes revenue sharing; Income Tax includes Permanent Building Fund.

TAX REVENUES AND COST OF COLLECTING

FISCAL YEAR	GROSS TAX COLLECTION	COST TO COLLECT	% COST TO COLLECT
1984	\$ 671,190,500	\$ 8,469,900	1.27
1985	706,861,200	9,290,000	1.31
1986	728,569,800	9,232,600	1.27
1987	788,817,700	10,112,000	1.28
1988	842,831,300	10,728,900	1.27
1989	957,703,300	12,033,200	1.25
1990	1,060,975,600	12,287,200	1.15
1991	1,138,190,700	13,801,800	1.21
1992	1,243,544,700	16,027,800	1.29
1993	1,369,354,900	14,749,600	1.08
1994	1,522,493,800	15,929,700	1.04
1995	1,672,156,873	17,571,900	1.05
1996	1,780,328,123	18,074,100	1.02
1997	1,861,843,069	18,295,500	.98
1998	1,985,848,081	18,797,100	.94
1999	2,098,846,953	25,279,600	1.20

EXPENSE BY PROGRAM

FISCAL YEAR 1998

General Services*	\$ 8,798,100
Audit & Collections*	12,234,900
Revenue Operations*	4,246,600
County Support	2,529,200
TOTAL	\$27,808,800

* Programs involved in actual collection of taxes.

IDAHO REVENUES

The State Tax Commission collected revenues totaling \$2.099 billion in fiscal year 1999. This was an increase of \$113 million or about 5.69 percent from the previous year.

A two-year comparison of revenues by category is shown below. These figures represent gross collections.

SOURCE	FY 1998 REVENUE	FY 1999 REVENUE	% CHANGE
Individual Income Tax	\$ 914,961,241	\$ 989,401,476	8.14%
Corporate Income tax	136,995,971	117,073,917	-14.54
Sales Tax	655,182,609	704,734,805	7.56
Cigarette Tax	24,950,965	24,195,235	-3.03
Beer Tax	3,445,774	3,585,614	4.06
Wine Tax	2,170,679	2,294,102	5.69
Electricity (Kilowatt Hour)	3,239,911	2,885,686	-10.93
Mine License Tax	1,101,302	2,240,990	103.49
Tobacco Tax	4,070,470	4,307,643	5.83
Estate Tax	9,124,122	11,494,657	25.98
Unclaimed Property	4,336,659	3,138,842	-27.62
Escheat Trust	3,676	10,520	186.18
Railroad Car Co. Property Tax	135,774	132,024	-2.76
Motor Fuel Taxes	213,955,804	221,504,156	3.53
Boise Auditorium Dist. Tax	2,146,786	2,342,432	9.11
Travel and Convention Tax	4,311,261	4,532,729	5.14
Illegal Drug Tax	13,524	17,581	30.00
Suspense (source not identified)	5,603,662	4,849,419	-13.46
Miscellaneous	97,891	105,125	7.39
TOTALS	\$ 1,985,848,081	\$ 2,098,846,953	5.69%

DISTRIBUTION OF REVENUES

FUND	FY 1998	FY 1999	INCREASE (DECREASE)
General Fund	\$ 1,351,158,861	\$ 1,486,631,233	\$ 135,472,372
Miscellaneous Income	94,348	90,613	(3,735)
Revenue Sharing	50,572,404	54,237,685	3,665,281
Circuit Breaker	10,331,095	10,891,659	560,564
U.S. Olympic Donation	4,797	3,832	(965)
Capital Improvement	1,273,151	1,333,161	60,010
Waterways Improvement	1,273,151	1,333,161	60,010
Off-Highway Improvements	1,273,151	1,333,161	60,010
State Refund Fund	218,202,308	229,459,365	11,257,057
Counties-Sales Tax	39,152,829	41,979,447	2,826,618
Multistate Tax Compact	718,440	1,231,870	513,430
Tax Commission Administration	61,343	63,807	2,464
Political Contributions	58,685	68,410	9,725
Travel & Convention Fund	4,275,380	4,499,855	224,475
Cancer Control Fund	400,941	388,710	(12,231)
Aeronautics Fund	1,176,372	1,326,937	150,565
Search & Rescue Fund	37,787	38,358	571
Drug Enforcement Donation	17,842	17,786	(56)
Substance Abuse Treatment	13,524	17,581	4,057
Unclaimed Property	2,318,703	1,549,980	(768,723)
Water Pollution Fund	16,327,913	18,581,602	2,253,689
Central Tumor Registry	141,000	155,538	14,538
Alcohol Intox Treatment	949,470	991,818	42,348
Trust Fund-Esheat	2,736	10,520	7,784
Motor Fuels Admin.	433,154	2,327,475	1,894,321
Boise Auditorium District	2,141,490	2,314,859	173,369
Suspense Fund	5,603,662	4,849,419	(754,243)
Counties-Estate Tax	912,412	1,149,466	237,054
Public School Endowment	4,841,197	4,719,734	(121,463)
Fish & Game Donation	38,794	41,656	2,862
Children's Trust	33,506	37,042	3,536
Resource Conservation	771,188	997,052	225,864
Permanent Building Fund	13,682,331	13,792,307	109,976
Agriculture in the Classroom	5,058	5,389	331
Petroleum Storage Trust	1,843,578	1,963,607	120,029
Highway Distribution	155,758,965	164,365,441	8,606,476
Local Bridge Inspection	100,000	100,000	0
Railroad Grade Crossing	250,000	250,000	0
Alzheimer Disease Services	11,088	11,118	30
Community Forestry Donation	4,864	5,427	563
Road & Bridge	663,065	694,185	31,120
Grape Growers & Wine Producers	108,483	114,696	6,213
County Juvenile Probation	4,705,749	4,587,974	(117,775)
Sales Tax/School Districts	50,400,420	0	(50,400,420)
Restricted Highway Fund	36,707,678	38,858,074	2,150,396
Motor Fuel Distribution Fund	6,995,168	1,425,943	(5,569,225)
TOTALS	\$ 1,985,848,081	\$ 2,098,846,953	\$ 112,998,872

THE AUDIT PROGRAM

The Tax Commission is responsible for conducting audits of tax returns filed by individuals and businesses. The audit program encourages voluntary compliance with tax laws and enforces those laws in cases where voluntary compliance is lacking.

The figures below represent a four-year comparison of revenues generated by the audit program.

SOURCE	FY 1996	FY 1997	FY 1998	FY 1999
Sales & Use Tax	\$ 5,195,897	\$ 6,451,798	\$ 5,229,680	\$14,801,921
Withholding	101,630	136,013	186,195	185,748
Motor Fuel Taxes	702,118	414,560	386,175	541,729
Miscellaneous Taxes (Cigarette, Tobacco, Beer & Wine)	0	7,679	0	0
Income Taxes:				
Corporate	5,148,753	7,383,713	8,254,759	7,723,254
Individual	4,408,399	5,808,982	5,342,214	7,636,482
Estate Tax	351,313	331,511	125,238	57,358
Travel & Convention and Greater Boise Auditorium District	32,638	16,861	588	0
Unclaimed Property*	688,513	574,080	972,014	773,992
Mine License	0	191,326	0	1,258,682
TOTAL AUDIT RECOVERIES	\$16,629,261	\$21,316,523	\$20,496,863	\$ 32,979,166

* Unclaimed property is unique because it is not a tax. These assets are merely held for safekeeping until the rightful heirs or owners can be found. Unclaimed property consists of the contents of safe deposit boxes, stocks, refund checks whose owners cannot be found, and more.

SALES TAX REVENUE SHARING

COUNTIES

FY 1999

Ada	\$ 5,640,655
Adams	110,842
Bannock	1,582,954
Bear Lake	167,565
Benewah	218,926
Bingham	902,795
Blaine	389,824
Boise	135,052
Bonner	757,649
Bonneville	1,713,078
Boundary	236,599
Butte	95,284
Camas	47,784
Canyon	2,474,378
Caribou	185,129
Cassia	479,577
Clark	47,700
Clearwater	227,216
Custer	118,668
Elmore	548,408
Franklin	256,806
Fremont	277,174

Gem	333,354
Gooding	313,714
Idaho	345,508
Jefferson	428,022
Jerome	400,388
Kootenai	2,098,540
Latah	713,286
Lemhi	199,352
Lewis	114,694
Lincoln	109,625
Madison	523,183
Minidoka	461,591
Nez Perce	801,778
Oneida	113,645
Owyhee	243,702
Payette	454,311
Power	203,758
Shoshone	322,965
Teton	141,552
Twin Falls	1,316,129
Valley	198,876
Washington	240,785
TOTAL	\$ 26,692,820

NOTE: Distributions are made after the end of each quarter, thus the fourth quarter portion of these totals was distributed in July 1999.

SALES TAX REVENUE SHARING

Revenue sharing monies are distributed quarterly from the sales tax account to each Idaho county and to eligible incorporated cities. The total amount distributed is equal to 7.75 percent of sales tax collections. One-half of this amount is distributed to counties and one-half to cities. Each county receives \$30,000 per year, while the remainder is distributed according to population. Each city receives shares determined half on population and half on valuation.

CITIES

FY 1999

Aberdeen	\$ 46,292
Acequia	3,030
Albion	8,530
American Falls	111,159
Ammon	166,571
Arco	26,573
Arimo	7,748
Ashton	29,762
Athol	16,328
Atomic City	602
Bancroft	11,696
Basalt	10,127
Bellevue	64,067
Blackfoot	274,050
Bliss	5,663
Bloomington	5,725
Boise	7,007,554
Bonnors Ferry	78,525
Bovill	6,250
Buhl	108,143
Burley	271,468
Butte City	1,371
Caldwell	647,395
Cambridge	12,085
Carey	12,405
Cascade	41,001
Castleford	4,315
Challis	33,160
Chubbuck	257,925
Clark Fork	16,919
Clayton	1,336
Clifton	6,563
Coeur d'Alene	1,167,480
Cottonwood	28,727

Council	24,931
Craigmont	16,154
Crouch	3,922
Culdesac	8,576
Dalton Gardens	100,468
Dayton	11,875
Deary	15,184
Declo	7,466
Dietrich	3,707
Donnelly	5,930
Dover	17,822
Downey	15,758
Driggs	32,135
Drummond	848
Dubois	12,763
Eagle	296,849
East Hope	16,121
Eden	8,088
Elk River	4,329
Emmett	150,289
Fairfield	12,964
Ferdinand	4,070
Fernan	8,913
Filer	45,719
Firth	10,336
Franklin	13,838
Fruitland	93,639
Garden City	374,783
Genesee	24,328
Georgetown	14,112
Glenns Ferry	42,993
Gooding	84,868
Grace	25,664
Grandview	9,723

Grangeville	103,614
Greenleaf	20,693
Hagerman	21,582
Hailey	244,639
Hamer	2,733
Hansen	22,397
Harrison	8,669
Hauser Lake	14,901
Hayden	283,521
Hayden Lake	42,578
Hazelton	11,657
Heyburn	81,523
Hollister	4,603
Homedale	57,179
Hope	6,047
Horseshoe Bend	25,624
Huetter	2,527
Idaho City	12,486
Idaho Falls	1,571,312
Inkom	22,466
Iona	29,580
Irwin	4,893
Island Park	8,068
Jerome	200,863
Juliaetta	15,786
Kamiah	37,029
Kellogg	80,614
Kendrick	10,504
Ketchum	485,821
Kimberly	70,556
Kooskia	19,692
Kootenai	17,234
Kuna	89,626
Lapwai	19,769

SALES TAX REVENUE SHARING

CITIES CONTINUED

Lava Hot Springs	14,789
Leadore	2,265
Lewiston	1,039,243
Lewisville	13,964
Mackay	17,418
Malad	58,230
Malta	4,597
Marsing	23,551
McCall	205,085
McCammon	21,165
Melba	8,471
Menan	17,663
Meridian	828,432
Middleton	60,233
Midvale	4,598
Minidoka	1,552
Montpelier	72,708
Moore	5,166
Moscow	603,262
Mountain Home	276,725
Moyie Springs	17,677
Mud Lake	4,840
Mullan	19,610
Murtaugh	3,527
Nampa	1,303,147
New Meadows	16,077
New Plymouth	39,511
Newdale	10,054
Nezperce	14,371
Notus	10,688
Oakley	18,173
Oldtown	6,664
Onaway	5,903
Orofino	91,561

Osburn	47,108
Oxford	1,395
Paris	16,183
Parker	7,886
Parkline	2,165
Parma	45,975
Paul	24,867
Payette	186,171
Peck	4,825
Pierce	18,649
Pinehurst	49,347
Placerville	1,185
Plummer	27,616
Pocatello	1,523,236
Ponderay	37,724
Post Falls	538,213
Potlatch	22,451
Preston	115,195
Priest River	56,191
Rathdrum	107,993
Reubens	1,529
Rexburg	365,660
Richfield	10,304
Rigby	75,582
Riggins	15,787
Ririe	9,520
Roberts	13,718
Rockland	7,008
Rupert	154,370
Salmon	103,699
Sandpoint	261,570
Shelley	100,022
Shoshone	36,535
Smelterville	12,973

FY 1999

Soda Springs	90,293
Spencer	791
Spirit Lake	29,794
Stanley	9,373
Star	12,277
Stateline	1,472
Stites	5,456
St. Anthony	81,300
St. Charles	-6,756
St. Maries	76,198
Sugar City	33,671
Sun Valley	383,889
Swan Valley	5,538
Tensed	2,418
Teton	16,029
Tetonia	5,218
Troy	22,750
Twin Falls	1,050,663
Ucon	29,987
Victor	18,863
Wallace	29,019
Wardner	7,194
Warm River	562
Weippe	14,398
Weiser	145,780
Wendell	58,530
Weston	10,768
White Bird	3,229
Wilder	29,353
Winchester	9,360
Worley	4,856
TOTAL	\$ 26,686,338

NOTE: Distributions are made after the end of each quarter, thus the fourth quarter portion of these totals was distributed in July 1999.

BUSINESS INVENTORY REPACEMENT

The figures below represent 6 percent of the sales tax which is paid to county treasurers as reimbursement for the exemption of business inventory property. These funds are redistributed to most non-school taxing districts.

COUNTY	FY 1999	COUNTY	FY 1999
Ada	\$ 6,008,652.93	Gem	605,927.43
Adams	334,583.29	Gooding	641,570.19
Bannock	2,627,340.51	Idaho	971,802.88
Bear Lake	373,287.70	Jefferson	508,407.41
Benewah	293,814.47	Jerome	627,802.85
Bingham	1,535,885.92	Kootenai	1,604,591.66
Blaine	381,760.64	Latah	752,540.30
Boise	184,650.65	Lemhi	613,361.07
Bonner	720,945.43	Lewis	243,755.15
Bonneville	2,635,798.64	Lincoln	333,940.72
Boundary	338,383.03	Madison	398,985.91
Butte	175,502.49	Minidoka	842,842.97
Camas	122,942.86	Nez Perce	2,306,112.92
Canyon	3,397,023.14	Oneida	273,329.34
Caribou	576,738.40	Owyhee	657,979.34
Cassia	1,057,119.34	Payette	500,170.24
Clark	219,327.20	Power	513,430.63
Clearwater	983,669.47	Shoshone	935,280.89
Custer	414,587.89	Teton	205,254.84
Elmore	567,813.92	Twin Falls	3,004,969.18
Franklin	449,420.87	Valley	312,271.10
Fremont	450,702.38	Washington	626,540.57
		TOTAL	\$ 41,330,818.76

NOTE: Distributions are made after the end of each quarter, thus the fourth quarter portion of these totals was distributed in July 1999.

1999 AVERAGE PROPERTY TAX RATES

The figures below represent the average tax rates for urban and rural areas in each county. Rates are expressed as a percentage of a property's taxable value and include the total taxes levied by all taxing districts within the county. The urban tax rate includes all taxes paid within any incorporated city which levies property tax.

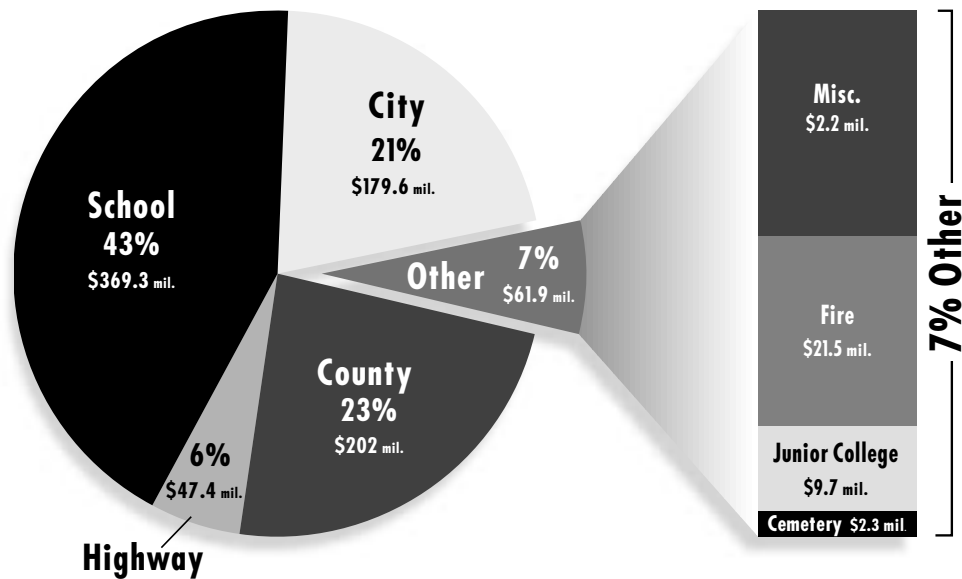
COUNTY	AVERAGE URBAN %	AVERAGE RURAL %
Ada	1.72	1.45
Adams	1.53	1.08
Bannock	2.50	1.55
Bear Lake	1.52	1.06
Benewah	1.72	1.08
Bingham	2.18	1.39
Blaine	0.69	0.55
Boise	1.45	1.11
Bonner	1.31	0.87
Bonneville	2.18	1.44
Boundary	1.21	0.97
Buttite	2.16	1.66
Camas	1.61	0.97
Canyon	2.06	1.43
Caribou	2.03	1.24
Cassia	1.56	1.17
Clark	0.98	0.72
Clearwater	1.59	0.92
Custer	0.96	0.70
Elmore	1.99	1.17
Franklin	1.47	1.09
Fremont	1.31	0.92

COUNTY	AVERAGE URBAN %	AVERAGE RURAL %
Gem	1.67	1.13
Gooding	1.81	1.17
Idaho	1.22	0.77
Jefferson	1.89	1.23
Jerome	2.21	1.43
Kootenai	1.69	1.30
Latah	2.11	1.62
Lemhi	1.26	0.71
Lewis	1.70	1.16
Lincoln	2.19	1.30
Madison	1.54	1.27
Minidoka	1.55	1.12
Nez Perce	2.16	1.21
Oneida	1.90	1.25
Owyhee	1.50	1.02
Payette	2.18	1.30
Power	2.26	1.47
Shoshone	2.09	1.41
Teton	1.10	0.87
Twin Falls	1.89	1.27
Valley	1.29	0.76
Washington	1.83	1.19
TOTALS	1.70	1.20

PROPERTY TAXES

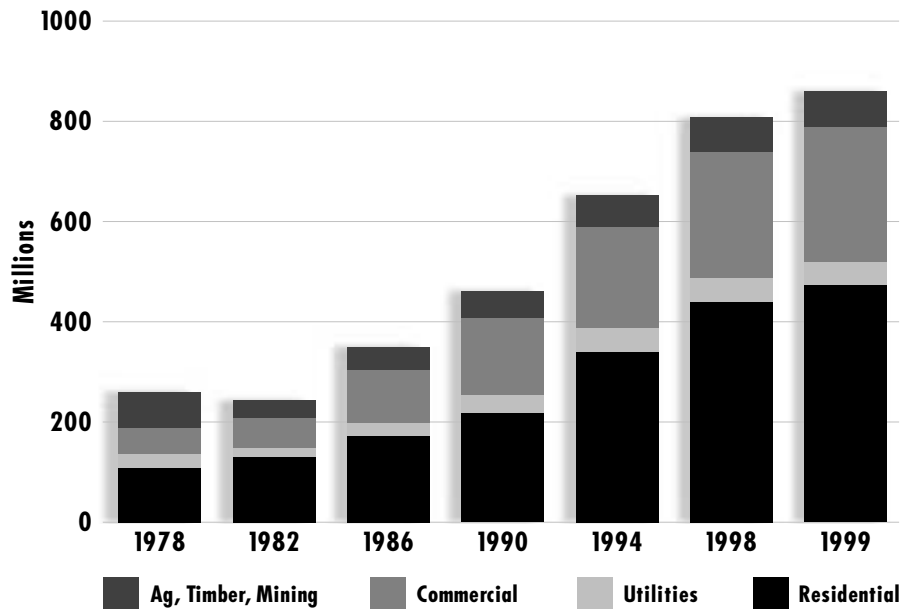
The charts on this and the following page represent budgeted property taxes for 1999. The chart below shows users of the 1999 property tax. The charts on the next page show how much of the property tax has been paid by each of the major categories of property taxpayers through the years. The top chart shows a breakdown of the amount paid each year; the bottom chart adjusts these amounts for inflation.

1999 PROPERTY TAX USE

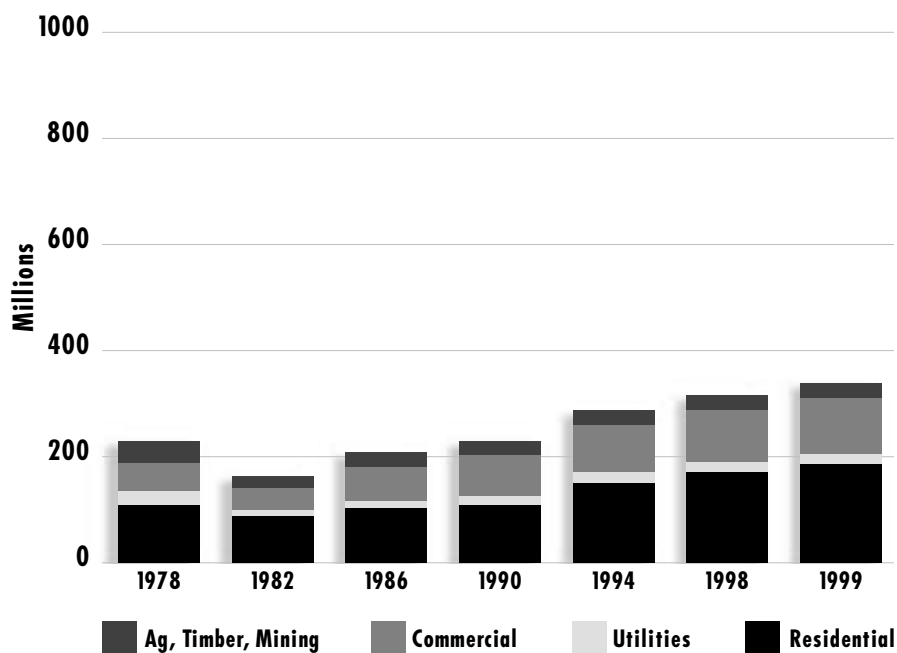


PROPERTY TAXES

CURRENT DOLLARS



CONSTANT 1978 DOLLARS



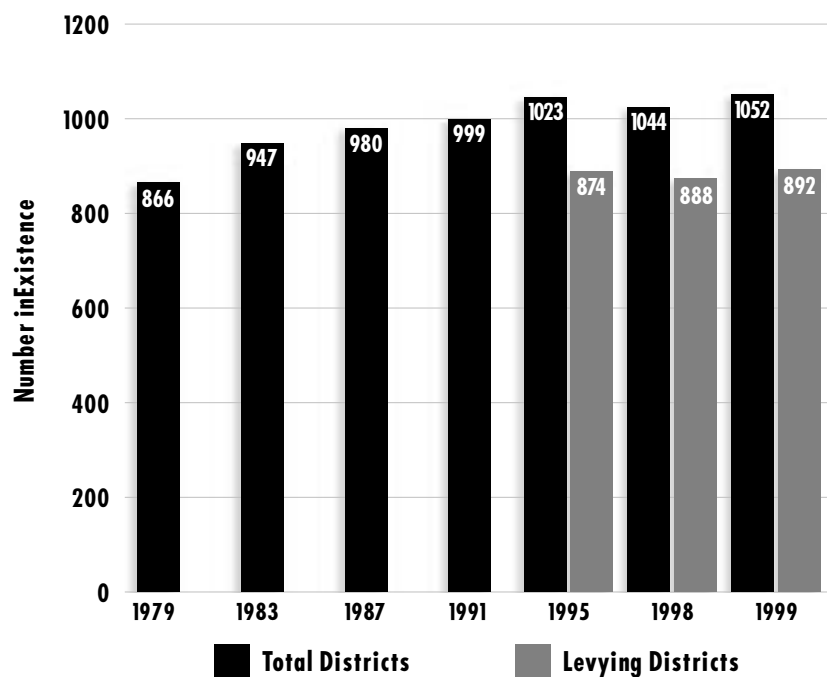
PROPERTY TAXING DISTRICTS

A taxing district is a unit of government which is established to provide public services. Some districts, like cities and counties, provide a variety of services. Most have a limited purpose, such as mosquito abatement, flood control, etc. Not all taxing districts actually levy taxes, even though they are legally authorized to do so. About 18 percent of taxing districts did not levy property taxes in 1999. Taxing districts overlap and a property owner pays taxes to more than one district. Each piece of property lies in a "tax code area," which is defined by the combination of taxing districts that govern it. In 1999, there were 3,491 tax code areas in Idaho.

TAXING DISTRICT OR AUTHORITY	TOTAL STATEWIDE
Ambulance	17
Auditorium	2
Cemetery	180
Cities	202
Community College	2
Counties	44
Drainage	1
Pest Control	5
Fire	144
Flood Control	14
Highway/Road & Bridge	101
Hospital	20

TAXING DISTRICT OR AUTHORITY	TOTAL STATEWIDE
Levee	1
Library	51
Mosquito Abatement	12
Museum	0
Port	1
Recreation	23
Regional Airport	0
School	113
Sewer	32
Sewer & Water	52
Water	25
Watershed Improvement	10
TOTAL	1,052

TAXING DISTRICTS



CIRCUIT BREAKER PROPERTY TAX REDUCTION

Idaho's Circuit Breaker program offers property tax relief to low-income elderly, widowed, disabled, and other eligible homeowners. Begun in 1974, Circuit Breaker grew out of a widow's exemption program and was expanded in 1981 to include the categories listed above.

The 1999 Circuit Breaker program allowed up to \$1,200 in property tax reduction for eligible households, depending on their income. As income rises, the amount of property tax reduction decreases.

The chart below shows changes in the program since 1974.

Calendar Year	APPROVED CLAIMANTS		BENEFITS PAID		ELIGIBILITY	
	Number	Percent (%) Change from Prior Year	Average Benefits Per Claimant	Total (\$ Mil.)	Maximum Income	Maximum Benefit
1974	15,924	N/A	\$ 117.43	\$ 1.87	\$ 5,000	\$ 200
1975	13,912	(12.6)%	116.45	1.62	5,000	200
1976	14,336	(3.0)	117.19	1.68	5,500	200
1977	13,322	(7.1)	119.35	1.59	5,500	200
1978	15,786	18.5	184.34	2.91	7,500	400
1979	15,467	(2.0)	185.56	2.87	7,500	400
1980	15,650	1.2	174.44	2.73	8,750	400
1981	17,160	9.6	174.83	3.00	10,000	400
1982	17,633	2.8	182.61	3.22	11,100	400
1983	17,649	0.1	177.35	3.13	11,900	400
1984	17,417	(1.3)	181.43	3.16	11,900	400
1985	17,347	(0.4)	188.51	3.27	12,300	400
1986	17,605	1.5	199.94	3.52	12,730	400
1987	18,757	6.5	206.32	3.87	13,120	400
1988	19,725	5.2	210.90	4.16	13,320	400
1989	20,073	1.8	214.22	4.30	13,860	400
1990	20,777	3.5	216.10	4.49	14,410	400
1991	21,026	1.2	218.30	4.59	15,100	400
1992	21,222	0.9	284.14	6.03	15,920	600
1993	22,324	5.2	336.04	7.50	16,510	800
1994	23,012	3.1	358.13	8.24	16,990	800
1995	24,254	5.4	363.04	8.81	17,430	800
1996	24,185	(0.3)	397.27	9.61	17,910	900
1997	24,629	1.8	419.29	10.33	18,380	1,000
1998	24,431	(0.8)	445.72	10.89	18,920	1,100
1999	24,431	(0.4)	471.42	11.47	19,310	1,200

RATIO STUDY

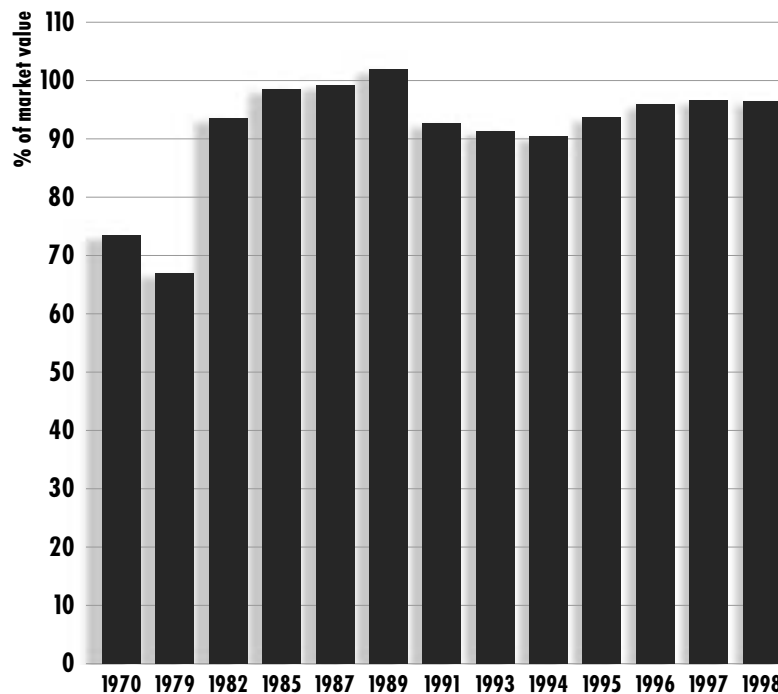
Idaho law requires that all property be assessed at market value. The State Tax Commission is charged with the responsibility of making certain that each county assessor is assessing property at market value. To do this, the Tax Commission annually conducts ratio studies in each county. These are used to evaluate the assessment process in the counties and to equalize the distribution of state school funds and local school property taxes.

The ratio study is a statistical test in which assessments are compared to sale prices for available ordinary sales of residential and commercial property in each county. The ratio study provides measurements of assessment quality by determining the overall level and comparative uniformity of the assessments.

The results are reported to the State Board of Equalization (consisting of Tax Commission members), which meets annually to review property assessments by category. The State Tax Commission has established assessment level standards based on nationally recognized practices, and categories which do not meet these standards may be subject to additional testing or to adjustment by the Tax Commission.

RATIO STUDY RESULTS

AVERAGE ASSESSMENT LEVEL: IMPROVED URBAN RESIDENTIAL PROPERTY



100% = MARKET VALUE

Years shown are those with significant changes in the assessment process or residential property values.

TAX BURDEN STUDY

Comparisons between Idaho, the western states and the nation are highlighted below. The western states used for comparison are Arizona, California, Colorado, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. Percentages indicate how much of the average person's 1996 total income was spent on each tax.

Type of Tax	National Average	Idaho Average	Median of 11 Western States
Property	3.37%	2.86%	3.02%
Sales	2.72	2.63	3.67
Individual Income	2.36	2.88	2.37
Corporate Income	0.51	0.67	0.47
Motor Vehicle	0.65	0.98	0.91
Overall	11.07%	11.16%	11.16%

The chart below compares Idaho taxes to the national average after adjusting for differences in income or population among the states. It also shows the number of states using each tax and includes Washington, D.C.

Type of Tax	BASED ON INCOME		BASED ON POPULATION		Number of States with Tax
	% of U.S. Average	Rank	% of U.S. Average	Rank	
Property	85.0%	34	69.4	35	51
Sales	96.7	25	79.0	36	47
Individual Income	121.9	15	99.5	27	44
Corporate Income	130.3	10	106.5	15	47
Motor Vehicle	149.6	9	122.2	13	51
Overall	100.8	24	82.3	40	51

STATE TAX COMMISSION OFFICES

BOISE

800 Park Blvd.
Plaza IV (83722)
Phone: 334-7660
TOLL-FREE: 1-800-972-7660

COEUR D'ALENE

Suite 100
1910 Northwest Blvd. (83814)
Phone: 769-1500

IDAHO FALLS

Suite 16
150 Shoup Ave. (83402)
Phone: 525-7116

LEWISTON

1118 F St.
P.O. Box 1014 (83501)
Phone: 799-3491

POCATELLO

Suite 5
611 Wilson Ave. (83201)
Phone: 236-6244

TWIN FALLS

Suite C
1038 Blue Lakes Blvd. N.
P.O. Box 5227 (83303)
Phone: 736-3040

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with Idaho Code Sec. 60-202. This annual report was printed on recycled paper.



1998

IMV

IDAHO

REFUND WORKSHEET

VEHICLES

IDAHO GROCERY CREDIT REFUND

24

1999

IDAHO CAPITAL GAINS DEDUCTION

41S IDAHO S CORPORATION INCOME TAX RETURN 1999

IDAHO INVESTMENT TAX CREDIT

IDAHO FUELS USE REPORT

49R RECAPTURE OF IDAHO INVESTMENT TAX CREDIT CARRYOVER

IDAHO SUPPLEMENTAL

49C

IDAHO INDIVIDUAL INCOME TAX RETURN

IDAHO STATE TAX COMMISSION